



**June 30, 2011**  
*Annual Financial Report*



Sponsored by: Iowa Association of School Boards

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# Statement from the Sponsor



Since 1986, the Iowa Schools joint Investment Trust (ISJIT) has focused on serving the cash management needs of school districts, community colleges, area education agencies and other eligible participants in a safe, effective and efficient manner. ISJIT is sponsored by the Iowa Association of School Boards (IASB), governed by a representative board of trustees and served by a dedicated team of professionals.

Short-term investors continue to face numerous challenges brought on by near-zero, short-term interest rates and challenging, albeit improving, credit markets. The Federal Reserve's Open Market Committee is continuing to keep the Fed Funds rate within a target range of between 0% and .25%, and more generally, short-term interest rates continue to be anchored at extremely low levels. Market expectations seem to indicate that monetary policy will not be increased between now and mid-year 2012.

This interest rate environment has translated to lower earnings rates available from all manner of liquid cash investment vehicles, including ISJIT. The Fund's Portfolios continue to provide a competitive return with an emphasis on the preservation of principal and maintenance of suitable liquidity for all participants.

IASB is committed to assisting local school districts on their journey to excellence by freeing dollars in your budget that can be focused on student learning. ISJIT continues to grow and with 398 authorized participants, has provided a much-needed investment option for Iowa schools.

As the Executive Director of IASB, I would like to thank this past year's ISJIT Participants. I appreciate your continued support as we strengthen the Iowa Association of Schools Boards and focus our efforts on serving Iowa's education community.

Sincerely,

Thomas J. Downs  
Iowa Association of School Boards

# Message from the Chair



On behalf of the entire ISJIT Board, I'm pleased to present this Annual Financial Report for the period ended June 30, 2011. ISJIT enjoyed a record year of operation with new participants taking advantage of our services in the 2010-2011 fiscal year. This brings our participant total to 398. That is reflected in the fiscal year-end balance of \$800,901,130 in all funds. As a point of comparison, our year-end balance was \$634,496,535 in my last report to you.

The ISJIT board has hired a dedicated team of professional service providers. In the 2010-2011 fiscal year, Rob Dixon of Davis Brown Law Firm was hired as ISJIT's legal counsel. Prior to joining the ISJIT service provider team, Rob served in a similar capacity with an Illinois law firm and their state school board association. As a result of our change in legal counsel, ISJIT has begun to enhance the trustee meeting minutes to be more inclusive and detailed. Also, based on the advice of Davis Brown Law Firm, the ISJIT board reviewed our existing insurance coverage with Bob Jester of EMC and made a change to a more appropriate carrier with the CHUBB Group. Additional ISJIT service providers include Brooks Lodden, P.C. as independent auditor, RBC Global Asset Management (U.S.), Inc. as investment advisor, Bankers Trust Company as Administrator, Custodian, and fixed term provider, and Local Government Services, Inc. as marketing agent. New this year, we have enhanced ISJIT's Fixed Term Automated (FTA) program by hiring PMA Financial Network.

On a personal note, I would like to welcome back Tom Downs. Tom has represented superintendents on our board for many years and has recently joined IASB as their Executive Director. Tom joins Galen Howsare, the CFO of IASB.

The ISJIT Board and its service providers are always looking for ways to improve the ISJIT program. It is our mission to provide the best possible products and services to eligible school districts, community colleges, area education agencies. Please feel free to contact me, or any other Board member with your feedback and suggestions.

Together, we can make ISJIT even better.

On behalf of the Board,

Tom Wieseler  
Chairperson



# Board of Trustees & Service Providers

## ISJIT Board of Trustees:

**Tom Wieseler, *Chair Person***  
Mt. Vernon Community School District  
Mt. Vernon, IA

**Amy Jurrens – *Vice Chair***  
George–Little Rock Community School District  
George, IA

**Greg Reynolds, *Treasurer and Trustee***  
Keokuk Community School District  
Keokuk, IA

**Mike Sexton – *Trustee***  
Rockwell City–Lytton Community  
School District  
Rockwell City, IA

**Gary Sinclair – *Trustee***  
Dallas Center–Grimes Community  
School District  
Dallas Center, IA

**Joan Corbin – *Trustee***  
Pella Community School District  
Pella, IA

ISJIT Board of Trustees meets regularly to review the program's operation and to consider program operating enhancements that might be of assistance to ISJIT participants. Each of the six members of the board represents the interests of its home school corporation as well as 398 other ISJIT program members. Each Board member has served as a school board member, business manager, or administrator in his/her home district or Association for many years prior to their ISJIT service

Together, the ISJIT Board provides an extensive network of experience and knowledge of participants' cash management needs to the program's ongoing operation. The diversity of experience and attention to detail by each member of the Board ensures that the program's history of helpful cash management assistance will continue to be available to ISJIT participants well into the future.

## ISJIT Service Providers:

**Investment Advisor**  
RBC Global Asset Management (US) Inc.  
100 South 5<sup>th</sup> Street, Suite 2300  
Minneapolis, MN 55402

**Administrator, Custodian, & Fixed Term Service Provider:**  
Bankers Trust Company  
453 7<sup>th</sup> Street, Post Office Box 897  
Des Moines, IA 50304-0897

**Marketing Agent:**  
LGS, Inc.  
6000 Grand Avenue  
Des Moines, IA 50312-1417

**Independent Auditor:**  
Brooks Lodden, P.C.  
1441 29<sup>th</sup> Street, Suite 305  
West Des Moines, IA 50266

**Legal Counsel:**  
Davis, Brown, Koehn, Shors & Roberts, P.C.  
The Davis Brown Tower  
215 10<sup>th</sup> Street, Suite 1300  
Des Moines, IA 50309

**Fixed Term Service Provider**  
PMA Financial Network, Inc.  
2135 CityGate Lane, 7th Floor  
Naperville, IL 60563

**Sponsor:**  
Iowa Association of School Boards  
6000 Grand Avenue  
Des Moines, IA 50312-1417

# Membership Profile

ADAIR-CASEY COMMUNITY SCHOOL	CENTRAL DECATUR COMMUNITY SCHOOL	FREMONT-MILLS COMMUNITY SCHOOL
ADEL-DESOTO-MINBURN CSD	CENTRAL LEE COMMUNITY SCHOOL	GALVA-HOLSTEIN COMMUNITY SCHOOL
AEA 10 GRANT WOOD	CENTRAL LYON COMMUNITY SCHOOL	GARNER-HAYFIELD COMMUNITY SCHOOL
AEA 11 HEARTLAND	CENTRAL SPRINGS COMMUNITY SCHOOL	GEORGE-LITTLE ROCK CSD
AEA 13 LOESS HILLS	CHARITON COMMUNITY SCHOOL	GILBERT COMMUNITY SCHOOL
AEA 14 GREEN VALLEY	CHARLES CITY COMMUNITY SCHOOL	GILMORE CITY-BRADGATE CSD
AEA 16 GREAT RIVER	CHEROKEE COMMUNITY SCHOOL	GLADBROOK-REINBECK COMMUNITY
AEA 16 GREAT RIVER TRUST	CLARINDA COMMUNITY SCHOOL	GLENWOOD COMMUNITY SCHOOL
AEA 267	CLARKE COMMUNITY SCHOOL	GLIDDEN-RALSTON COMMUNITY SCHOOL
AEA 9 MISSISSIPPI BEND	CLARKSVILLE COMMUNITY SCHOOL	GMG COMMUNITY SCHOOL
AEA 9 MISSISSIPPI BEND TRUST	CLAY CENTRAL/EVERLY CSD	GRAETTINGER COMMUNITY SCHOOL
AEA PRAIRIE LAKES	CLEAR CREEK-AMANA CSD	GRAND COMMUNITY SCHOOL
AGWSR SCHOOL DISTRICT	CLEAR LAKE COMMUNITY SCHOOL	GREAT PRAIRIE AEA
A-H-S-T COMMUNITY SCHOOL	CLEARFIELD COMMUNITY SCHOOL	GRINNELL-NEWBURG COMM SCHOOL
AKRON-WESTFIELD COMMUNITY SCHOOL	CLINTON COMMUNITY SCHOOL	GRISWOLD COMMUNITY SCHOOL
ALBERT CITY-TRUESDALE	COLFAX-MINGO COMMUNITY SCHOOL	GRUNDY CENTER COMMUNITY SCHOOL
ALBIA COMMUNITY SCHOOL	COLLEGE COMMUNITY SCHOOL	GUTHRIE CENTER COMM SCHOOL
ALBURNETT COMMUNITY SCHOOL	COLLINS-MAXWELL COMMUNITY SCHOOL	GUTTENBURG COMMUNITY SCHOOL
ALDEN COMMUNITY SCHOOL	COLO-NESCO COMMUNITY SCHOOL	HAMBURG COMMUNITY SCHOOL
ALGONA COMMUNITY SCHOOLS	COLUMBUS COMMUNITY SCHOOL	HAMPTON-DUMONT CSD
ALLAMAKEE COMMUNITY SCHOOL	COMMUNITY FIRST STATE BANK	HARLAN COMMUNITY SCHOOL
ALLISON-BRISTOW COMMUNITY SCHOOL	COON-RAPIDS-BAYARD CSD	HARMONY COMMUNITY SCHOOL
ALTA COMMUNITY SCHOOL	CORNING COMMUNITY SCHOOL	HARRIS-LAKE PARK COMMUNITY SCHOOL
AMES COMMUNITY SCHOOL	COUNCIL BLUFFS COMMUNITY SCHOOL	HARTLEY-MELVIN-SANBORN CSD
ANAMOSA COMMUNITY SCHOOL	CRESTON COMMUNITY SCHOOL	HIGHLAND COMMUNITY SCHOOL
ANDREW COMMUNITY SCHOOL	DALLAS-CENTER-GRIMES CSD	HINTON COMMUNITY SCHOOL
ANITA COMMUNITY SCHOOL	DANVILLE COMMUNITY SCHOOL	H-L-V COMMUNITY SCHOOL
ANKENY COMMUNITY SCHOOL	DAVENPORT COMMUNITY SCHOOL	HOWARD-WINNESHIEK CSD
ANTHON-OTO COMMUNITY SCHOOL	DAVIS COUNTY COMMUNITY SCHOOL	HUBBARD-RADCLIFFE CSD
APLINGTON COMMUNITY SCHOOL	DECORAH COMMUNITY SCHOOL	HUDSON COMMUNITY SCHOOL
APLINGTON-PARKERSBURG SD	DEEP RIVER-MILLERSBURG CSD	HUMBOLDT COMM SCHOOLS
ARMSTRONG-RINGSTED COMM SCHOOL	DELWOOD COMMUNITY SCHOOL	IKM COMMUNITY SCHOOL
AR-WE-VA COMMUNITY SCHOOL	DENISON COMMUNITY SCHOOL	IMPACC
ATLANTIC COMMUNITY SCHOOLS	DENVER COMMUNITY SCHOOL	INDEPENDENCE COMMUNITY SCHOOL
AUDUBON COMMUNITY SCHOOL	DES MOINES AREA COMMUNITY	INDIAN HILLS CC CORPORATION
BALLARD COMMUNITY SCHOOL	DES MOINES AREA COMMUNITY	INDIAN HILLS CC FOUNDATION
BANKERS TRUST TTEE JOHNSTON	DES MOINES INDEPENDENT SCHOOL	INDIAN HILLS CC TRUST
BANKERS TRUST TTEE WEST DELAWARE	DIAGONAL COMMUNITY SCHOOL	INDIAN HILLS COMMUNITY COLLEGE
BATTLE CREEK-IDA COMM SCHOOL	DIKE-NEW HARTFORD CSD	INDIANOLA COMMUNITY SCHOOL
BAXTER COMMUNITY SCHOOL	DOWS COMMUNITY SCHOOL	INTERSTATE 35 COMMUNITY SCHOOL
BCLUW COMMUNITY SCHOOL	DUBUQUE COMMUNITY SCHOOL	IOWA CITY COMMUNITY SCHOOL
BEDFORD COMMUNITY SCHOOL	DUNKERTON COMMUNITY SCHOOL	IOWA FALLS COMMUNITY SCHOOL
BELLE PLAINE COMMUNITY SCHOOL	DURANT COMMUNITY SCHOOL	IOWA LAKES COMMUNITY COLLEGE
BELLEVUE COMMUNITY SCHOOLS	EAGLE GROVE CSD	IOWA LAKES COMMUNITY COLLEGE TR
BELMONT-KLEMM COMM SCHOOL	EARLHAM COMMUNITY SCHOOL	IOWA SCHOOLS CASH ANTICIPATION
BENNETT COMMUNITY SCHOOL	EAST BUCHANAN COMMUNITY SCHOOL	IOWA SCHOOLS EMPLOYEE BENEFITS
BENTON COMMUNITY SCHOOL DISTRICT	EAST CENTRAL COMMUNITY SCHOOL	IOWA SCHOOLS JOINT INVESTMENT TR
BETTENDORF COMMUNITY SCHOOL	EAST GREENE COMMUNITY SCHOOL	IOWA VALLEY COMMUNITY COLLEGE
BONDURANT-FARRAR COMM SCHOOL	EAST MARSHALL COMMUNITY SCHOOL	IOWA VALLEY COMMUNITY SCHOOL
BOONE COMMUNITY SCHOOL	EAST UNION COMMUNITY SCHOOL	IOWA WESTERN COMMUNITY COLLEGE
BOYDEN-HULL COMMUNITY SCHOOL	EASTERN ALLAMAKEE CSD	JANESVILLE CONSOLIDATED SCHOOL
BOYER VALLEY COMMUNITY SCHOOL	EDDYVILLE-BLAKESBURG CSD	JEFFERSON-SCRANTON CSD
BROOKLYN-GUERNEY-MALCOM	EDGEWOOD-COLESBURG CSD	JESUP COMMUNITY SCHOOL DISTRICT
BURLINGTON COMMUNITY SCHOOL	ELDORA NEW PROVIDENCE CSD	JOHNSTON COMMUNITY SCHOOL
C&M COMMUNITY SCHOOL	EMMETSBURG COMMUNITY SCHOOL	KEOKUK COMMUNITY SCHOOL
CAL COMMUNITY SCHOOL	ENGLISH VALLEYS CSD	KEOTA COMMUNITY SCHOOL
CALAMUS-WHEATLAND CSD	ESSEX COMMUNITY SCHOOL	KEYSTONE AEA 1
CAMANACHE COMMUNITY SCHOOL	ESTHERVILLE LINCOLN CENTRAL CSD	KINGSLEY-PIERSON COMMUNITY
CARDINAL COMMUNITY SCHOOL	EXIRA COMMUNITY SCHOOL	KIRKWOOD COMMUNITY COLLEGE
CARLISLE COMMUNITY SCHOOL	FAIRFIELD COMMUNITY SCHOOLS	KIRKWOOD COMMUNITY COLLEGE TRUST
CARROLL COMMUNITY SCHOOL	FARRAGUT COMMUNITY SCHOOLS	KNOXVILLE COMMUNITY SCHOOL
CEDAR FALLS COMMUNITY SCHOOL	FOREST CITY COMMUNITY SCHOOL	LAKE MILLS CSD
CEDAR RAPIDS COMMUNITY SCHOOL	FORT DODGE COMMUNITY SCHOOL	LAMONI COMMUNITY SCHOOL
CENTER POINT-URBANA CSD	FORT MADISON COMMUNITY SCHOOL	LAURENS-MARATHON CSD
CENTERVILLE COMMUNITY SCHOOL	FOX VALLEY COMMUNITY SCHOOL	LAWTON-BRONSON COMMUNITY SCHOOL
CENTRAL CITY COMM SCHOOL DIST	FREDERICKSBURG COMMUNITY SCHOOL	LE MARS COMMUNITY SCHOOL
CENTRAL CLINTON COMMUNITY SCHOOL	FREMONT COMMUNITY SCHOOL	LENOX COMMUNITY SCHOOL

# Membership Profile *(continued)*

LEWIS CENTRAL COMMUNITY SCHOOL	NORTH-LINN COMMUNITY SCHOOL	SPIRIT LAKE COMMUNITY SCHOOL
LINEVILLE-CLIO COMMUNITY SCHOOL	NORTHWEST AREA EDUCATION AGENCY	SPRINGVILLE COMMUNITY SCHOOL
LINN-MAR COMMUNITY SCHOOL	NORTHWEST COMMUNITY COLLEGE TR	ST ANSGAR COMMUNITY SCHOOL
LISBON COMMUNITY SCHOOLS	NORTHWEST IOWA COMMUNITY COLLEGE	ST ANTON COMMUNITY SCHOOL
LITTLE ROCK COMMUNITY SCHOOL	NORTHWOOD-KENSETT CSD	ST ARMONT COMMUNITY SCHOOL
LOGAN-MAGNOLIA COMMUNITY SCHOOL	NORWALK COMMUNITY SCHOOL	STORM LAKE COMMUNITY SCHOOL
LONE TREE COMMUNITY SCHOOL	ODEBOLT-ARTHUR COMMUNITY SCHOOL	STRATFORD COMMUNITY SCHOOL
LOUISA-MUSCATINE CSD	OELWEIN COMMUNITY SCHOOL	SUMNER COMMUNITY SCHOOL
LUVERNE COMMUNITY SCHOOL	OGDEN COMMUNITY SCHOOL	TERRIL COMMUNITY SCHOOL
LYNNVILLE-SULLY COMMUNITY SCHOOL	OKOBOJI COMMUNITY SCHOOL	TIPTON COMMUNITY SCHOOL
MADRID COMMUNITY SCHOOL	OLIN CONSOLIDATED SCHOOL	TITONKA CONSOLIDATED SCHOOL
MALVERN COMMUNITY SCHOOL	ORIENT-MACKSBURG COMM SCHOOL	TREYNOR COMMUNITY SCHOOL
MANNING COMMUNITY SCHOOL	OSAGE COMMUNITY SCHOOL DISTRICT	TRI-CENTER COMMUNITY SCHOOL
MANSON NORTHWEST WEBSTER CSD	OSKALOOSA COMMUNITY SCHOOL	TRI-COUNTY COMMUNITY SCHOOL
MAPLE VALLEY COMMUNITY SCHOOL	OTTUMWA COMMUNITY SCHOOL	TRIPOLI COMMUNITY SCHOOL
MAQUOKETA COMMUNITY SCHOOL	PANORAMA COMMUNITY SCHOOL	TURKEY VALLEY COMMUNITY SCHOOL
MAQUOKETA VALLEY CSD	PARKERSBURG COMMUNITY SCHOOL	TWIN CEDARS COMMUNITY SCHOOL
MARCUS-MERIDEN-CLEGHORN CSD	PCM COMMUNITY SCHOOL	UNDERWOOD COMMUNITY SCHOOL
MARION INDEPENDENT SCHOOL	PEKIN COMMUNITY SCHOOL	UNION COMMUNITY SCHOOL
MARSHALLTOWN COMM COLLEGE TRUST	PELLA COMMUNITY SCHOOL	UNITED COMMUNITY SCHOOL
MARSHALLTOWN COMMUNITY SCHOOL	PERRY COMMUNITY SCHOOL	URBANDALE COMMUNITY SCHOOL
MARTENSDALE ST-MARYS CSD	PLEASANT VILLE COMMUNITY SCHOOL	VALLEY COMMUNITY SCHOOL
MASON CITY COMMUNITY SCHOOL	POCAHONTAS AREA COMM COLLEGE	VAN BUREN COMMUNITY SCHOOL
MEDIAPOLIS COMMUNITY SCHOOL	POMEROY-PALMER SCHOOL	VAN METER COMMUNITY SCHOOL
MELCHER DALLAS COMMUNITY SCHOOL	POST VILLE COMMUNITY SCHOOLS	VENTURA COMMUNITY SCHOOL
METRO INTERAGENCY INSURANCE PRO	PR LKS AEA8 WF ASTTEE	VILLISCA COMMUNITY SCHOOL
MFL MARMAC COMMUNITY SCHOOL	PRAIRIE LAKES AEA	VINTON-SHELLSBURG COMM SCHOOL
MID PRAIRIE COMMUNITY SCHOOL	PRAIRIE VALLEY COMMUNITY SCHOOL	WACO COMMUNITY SCHOOL
MIDLAND COMMUNITY SCHOOLS	PRESCOTT COMMUNITY SCHOOL	WALL LAKE COMMUNITY SCHOOL
MISSOURI VALLEY COMMUNITY SCHOOL	PRESTON COMMUNITY SCHOOL	WALNUT COMMUNITY SCHOOL
MISSOURI VALLEY HIGH SCHOOL	RED OAK COMMUNITY SCHOOL	WAPELLO COMMUNITY SCHOOL
MOC-FLOYD VALLEY CSD	RIVER VALLEY COMMUNITY SCHOOL	WAPSIE VALLEY COMMUNITY SCHOOL
MONTEZUMA COMMUNITY SCHOOL	RIVERSIDE COMMUNITY SCHOOL	WASHINGTON COMMUNITY SCHOOL
MONTICELLO COMMUNITY SCHOOL	ROCK VALLEY COMMUNITY SCHOOL	WATERLOO COMMUNITY SCHOOL
MORAVIA COMMUNITY SCHOOL	ROCKWELL CITY-LYTTON CSD	WAUKEE COMMUNITY SCHOOL
MORMON TRAIL COMMUNITY SCHOOL	ROCKWELL-SWALEDALE CSD	WAVERLY-SHELL ROCK COMMUNITY
MORNING SUN COMM SCHOOL	ROLAND STORY CSD	WAYNE COMMUNITY SCHOOL
MOULTON-UDELL COMMUNITY SCHOOL	RUDD, ROCKFORD, MARBLE ROCK CSD	WEBSTER CITY COMMUNITY SCHOOL
MOUNT AYR COMMUNITY SCHOOL	SAC COMMUNITY SCHOOL	WEST BEND-MALLARD CSD
MOUNT PLEASANT COMMUNITY SCHOOL	SAYDEL COMMUNITY SCHOOL	WEST BRANCH COMMUNITY SCHOOL
MOUNT VERNON COMMUNITY SCHOOL	SENTRAL COMMUNITY SCHOOL	WEST BURLINGTON COMMUNITY SCHOOL
MURRAY COMMUNITY SCHOOL	SERGEANT BLUFF-LUTON CSD	WEST CENTRAL COMMUNITY SCHOOL
MUSCATINE COMMUNITY SCHOOL	SEYMOUR COMMUNITY SCHOOL	WEST CENTRAL VALLEY CSD
NASHUA-PLAINFIELD CSD	SCHLESWIG COMMUNITY SCHOOL	WEST DELAWARE COMMUNITY SCHOOL
NEVADA COMMUNITY SCHOOL	SHEFFIELD-CHAPIN CSD	WEST DES MOINES COMMUNITY SCHOOL
NEW HAMPTON COMMUNITY SCHOOL	SHELDON COMMUNITY SCHOOL	WEST HANCOCK COMMUNITY SCHOOL
NEW LONDON COMMUNITY SCHOOL	SHENANDOAH COMMUNITY SCHOOL	WEST HARRISON COMMUNITY SCHOOL
NEW MARKET COMMUNITY SCHOOL	SIBLEY-OCHEYEDAN CSD	WEST LIBERTY COMMUNITY SCHOOL
NEWTON COMMUNITY SCHOOL	SIDNEY COMMUNITY SCHOOL	WEST LYON COMMUNITY SCHOOL
NISHNA VALLEY COMMUNITY SCHOOL	SIGOURNEY COMMUNITY SCHOOL	WEST MARSHALL COMMUNITY SCHOOL
NODAWAY VALLEY COMMUNITY SCHOOL	SIOUX CENTER COMMUNITY SCHOOL	WEST MONONA COMMUNITY SCHOOL
NORA SPRINGS-ROCK FALLS CSD	SIOUX CENTRAL CSD	WEST SIOUX COMMUNITY SCHOOL
NORTH CEDAR CSD	SIOUX CITY COMMUNITY SCHOOL	WESTERN DUBUQUE COMMUNITY SCHOOL
NORTH CENTRAL COMMUNITY SCHOOL	SOLOM COMMUNITY SCHOOL	WESTERN IOWA TECH COMM COLLEGE
NORTH FAYETTE COMMUNITY SCHOOL	SOUTH HAMILTON COMMUNITY SCHOOL	WESTWOOD COMMUNITY SCHOOL
NORTH IOWA COMMUNITY SCHOOL	SOUTH OBRIEN COMM SCHOOL DIST	WHITING COMMUNITY SCHOOL
NORTH KOSSUTH COMMUNITY SCHOOL	SOUTH PAGE COMMUNITY SCHOOL	WILLIAMSBURG COMMUNITY SCHOOL
NORTH MAHASKA COMMUNITY SCHOOL	SOUTH TAMA COUNTY CSD	WILTON COMMUNITY SCHOOL
NORTH POLK COMMUNITY SCHOOL	SOUTH WINNESHIEK COMMUNITY	WINFIELD MT-UNION COMM SCHOOL
NORTH SCOTT COMMUNITY SCHOOL	SOUTHEAST IOWA SCHOOLS HEALTH	WINTERSET COMMUNITY SCHOOL
NORTH TAMA COUNTY COMMUNITY SD	SOUTHEAST POLK COMMUNITY SCHOOL	WODEN-CRYSTAL COMMUNITY SCHOOL
NORTH WINNESHIEK COMM SCHOOL	SOUTHEAST WARREN COMMUNITY	WOODBURY CENTRAL COMM SCHOOL
NORTHEAST COMMUNITY SCHOOLS	SOUTHEAST WEBSTER-GRAND	WOODWARD-GRANGER COMM SCHOOL
NORTHEAST HAMILTON CSD	SOUTHEASTERN COMM COLLEGE TRUST	
NORTHEAST IOWA COMMUNITY COLLEGE	SOUTHEASTERN COMMUNITY COLLEGE	
NORTHERN TRAILS AEA 2	SOUTHERN CAL COMMUNITY SCHOOL	
NORTHERN TRAILS TRUST	SPENCER COMMUNITY SCHOOL	



# ISJIT Program Services & Features

- ISJIT is sponsored by the Iowa Association of School Boards (IASB). IASB's management team meets regularly with the program's service providers to monitor all elements of program operation.
- Unique internet-based reporting system, *ISJIT Online*, provides participants with real-time account inquiry and transaction capabilities via the internet. Participants may invest or withdraw funds, verify account balances or transaction histories, and direct inquiries to any ISJIT service provider with this unique service.
- Provides daily liquid investment alternative: The Diversified portfolio is tailored to meet specific participant investment needs, and has been structured to produce yields that compare favorably to yields available in other liquid account structures and fixed-term investments with limited liquidity.
- Provides toll-free telephone access to experienced ISJIT representatives who can personally assist with any investment-related inquiry or request.
- Invests available funds with Iowa financial institutions, offering competitive rates of interest, whenever possible.
- Flexible Withdrawal Certificate of Deposit offers the perfect investment capability for bond proceeds. Each Flex CD is tailored to the specific needs of the project by offering:
  - Payment of a competitive fixed rate of interest
  - No penalty for early withdrawals
  - Monthly liquidity for project needs
  - An extended maturity to accommodate any unanticipated project delays

Keokuk High School "A" Wing

"The ISJIT Fixed Term Program provided a valuable investment option for the Keokuk Community School District's Sales Tax Bond proceeds.

After analyzing the cash flow projections for our construction project, we were provided with an investment schedule that would invest the funds in CD's. The CD's provided a reasonable return on our investment while matching the maturity schedule with the construction timeline."

Greg Reynolds  
Business Manager  
Keokuk Community School District





# *Management's Discussion & Analysis*

This section of the ISJIT Annual Report presents management's discussion and analysis of the financial position and results of operations for the fiscal years ended June 30, 2011 (FY 2011) and June 30, 2010 (FY 2010). This information is being presented to provide additional information regarding the activities of ISJIT. This discussion and analysis should be read in conjunction with the Independent Auditor's Report of Brooks Lodden P.C., the Financial Statements, and the accompanying notes.

ISJIT is primarily responsible for providing proactive cash management practices and responsiveness to the unique needs of school corporations across Iowa. ISJIT is a common law trust established under Iowa law pursuant to Chapter 28E and Section 279.29 of the Iowa Code, as amended, which authorizes Iowa schools to jointly invest money pursuant to a joint investment agreement. ISJIT currently operates the Diversified Portfolio. The Diversified Plus and Direct Government Obligation Portfolios suspended operations on January 8, 2009 and October 27, 2010, respectively, due to economic factors and are closed to new investments. ISJIT management expects the Diversified Plus and DGO Portfolios will remain closed to new investment for the foreseeable future, but the ISJIT Board has retained the right to reactivate the portfolios in the future. The objective of the portfolios is to maintain safety of principal and a high degree of liquidity through investment in short-term securities as permitted for Iowa schools under Iowa law. Activities of the Diversified and DGO Portfolios are described in the Management's Discussion and Analysis and accompanying financial statements and notes to financial statements.

## **Overview of the Financial Statements**

The Management's Discussion and Analysis provides an introduction to and overview of the financial statements of ISJIT's Administration Fund, Diversified and DGO Portfolios. The following components comprise the financial statements for the Administration Fund: 1) Statement of Net Assets, 2) Statement of Changes in Net Assets, and 3) Notes to Financial Statements. The following components comprise the financial statements for each Portfolio: 1) Statement of Net Assets, 2) Statement of Changes in Net Assets, 3) Schedule of Investments for FY 2011, and 4) Notes to Financial Statements. The Statement of Net Assets displays the financial position (assets and liabilities) of the funds as of June 30, 2011 and 2010. The Statement of Changes in Net Assets displays the results of operations (income and expenses) and participant/unitholder activity (sales and redemptions) for each of the two most recent fiscal years. The Schedule of Investments lists each security held by the portfolio as of June 30, 2011. The Notes to Financial Statements describe significant accounting policies of the portfolios and other supplemental information.

# Management's Discussion & Analysis *(continued)*

## Condensed Financial Information and Financial Analysis

Year-to-year variances in most financial statement amounts reported in ISJIT's Administrative Fund and Diversified Portfolios are caused by a single variable – the level of average net assets (which fluctuates based on the overall levels of participant/unitholder invested balances) in each portfolio. Additionally, changes in the short-term interest rate environment (which follows the general trend established by monetary policy set by the Federal Reserve) contribute to year-over-year variances in the amount of investment income earned.

Condensed financial information and variance explanations for each portfolio for FY 2011 and FY 2010 follows:

### Administration Fund:

Condensed information for the Fund through each period ended June 30:		<u>2011</u>		<u>2010</u>	Percentage Change
Assets	\$	13,267	\$	65,731	-79.82%
Liabilities	\$	21,516	\$	26,337	-18.31%
Net Assets	\$	(8,249)	\$	39,394	-120.94%
Income	\$	30,125	\$	25,598	17.68%
Expenses	\$	77,768	\$	86,164	-9.74%

### Diversified Portfolio:

Condensed information for the Portfolio through each period ended June 30:		<u>2011</u>		<u>2010</u>	Percentage Change
Assets	\$	682,290,903	\$	573,751,162	18.92%
Liabilities	\$	599,887	\$	1,319,436	-54.53%
Net Assets	\$	681,691,016	\$	572,431,726	19.09%
Average Net Assets	\$	571,961,442	\$	534,341,117	7.04%
Investment Income	\$	1,290,922	\$	1,541,574	-16.26%
Expenses	\$	727,226	\$	930,852	-21.88%
Net Investment Income	\$	563,696	\$	610,722	-7.70%
Units Sold (\$1 per unit)		2,053,656,120		2,155,761,399	-4.74%
Units Redeemed (\$1 per unit)		1,944,960,526		2,073,606,062	-6.20%
Total Return		0.23%		0.29%	
Ratio of Expenses to Average Net Assets		0.13%		0.17%	
Ratio of Net Investment Income to Average Net Assets		0.10%		0.12%	
Net Asset Value per Unit, Beginning of Period	\$	1.000	\$	1.000	
Net Investment Income per Unit		0.001		0.001	
Dividends Distributed per Unit		(0.001)		(0.001)	
Net Asset Value per Unit, End of Period	\$	1.000	\$	1.000	

# Management's Discussion & Analysis (continued)

## Condensed Financial Information and Financial Analysis (Continued)

### Direct Government Obligation Portfolio:

Condensed information for the Portfolio through each period ended June 30:	<u>2011</u>	<u>2010</u>	Percentage Change
Investments	\$ 0	\$ 17,705,110	-100.00%
Liabilities	\$ 0	\$ 1,171	-100.00%
Net Assets	\$ 0	\$ 17,703,939	-100.00%
Average Net Assets	\$ 6,130,877	\$ 16,876,386	-63.67%
Investment Income	\$ 13,611	\$ 27,091	-49.76%
Expenses	\$ 5,033	\$ 1,171	329.72%
Net Investment Income	\$ 8,578	\$ 25,920	-66.90%
Units Sold (\$1 per unit)	3,744,166	19,914,700	-81.20%
Units Redeemed (\$1 per unit)	21,455,372	17,296,118	24.05%
Total Return	0.22%	0.16%	
Ratio of Expenses to Average Net Assets	0.08%	0.01%	
Ratio of Net Investment Income to Average Net Assets	0.14%	0.15%	
Net Asset Value per Unit, Beginning of Period	\$ 1.000	\$ 1.000	
Net Investment Income per Unit	0.001	0.002	
Dividends Distributed per Unit	(0.001 )	(0.002 )	
Net Asset Value per Unit, End of Period	\$ 1.000	\$ 1.000	

The net assets for the Administration Fund decreased 120.94 percent to (\$8,249) FY 2011 from \$39,394 FY 2010. The decrease in net assets for the Administration Fund was a result of expenses of the Administration Fund exceeding the income received from the Portfolios.

During FY 2011, the average net assets for the Diversified Portfolio increased 7.04 percent to \$571,961,442 from average net assets of \$534,341,117 during FY 2010 as a result of additional funds deposited by the Participants in the Portfolio.

During FY 2011, average net assets for the DGO Portfolio decreased 63.67 percent to \$6,130,877 from average net assets of \$16,876,386 during FY 2010 as a result of suspending operations of the Portfolio on October 27, 2010.

Net investment income decreased 7.70 percent in the Diversified Portfolio during FY 2011 compared to FY 2010 due to the decreasing rate environment throughout FY 2011.

Expenses of the Portfolios are calculated on the daily net asset totals. Total expenses decreased in the Diversified Portfolio during FY 2011 by 21.88 percent due to the decreasing rate environment and the voluntary fee waivers by the vendors. Total expenses increased for the DGO Portfolio by 329.72 percent during FY 2011 due to an adjustment to the voluntary fee waivers by the vendors.



**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees and Unitholders  
Iowa Schools Joint Investment Trust

We have audited the accompanying statements of net assets of the Iowa Schools Joint Investment Trust (ISJIT) Administration Fund, Diversified Portfolio and the Direct Government Obligation Portfolio as of June 30, 2011 and 2010, and the related statements of changes in net assets for the years then ended. We have also audited the accompanying schedule of investments of the Diversified Portfolio for the year ended June 30, 2011. These financial statements are the responsibility of ISJIT's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the ISJIT Administration Fund, Diversified Portfolio, and the Direct Government Obligation Portfolio as of June 30, 2011 and 2010, the changes in net assets for the years ended June 30, 2011 and 2010, and the schedule of investments as of June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 29, 2011, on our consideration of ISJIT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

West Des Moines, Iowa  
September 29, 2011

*Brooks Lodden, P.C.*



# Financial Statements

## Iowa Schools Joint Investment Trust Statement of Net Assets June 30, 2011

	Administration Fund	Diversified Portfolio	Direct Government Obligation Portfolio	Total
<b>Assets</b>				
Cash	\$ 4,271	\$ 1,523,545	\$ -	\$ 1,527,816
Interest Receivable	-	655,069	-	655,069
Accounts Receivable	8,996	-	-	8,996
Investments (amortized cost):				
Securities Purchased Under Agreement to Resell	-	222,258,000	-	222,258,000
Certificates of Deposit	-	980,000	-	980,000
U.S. Government Agency Obligations	-	456,874,289	-	456,874,289
<b>Total Assets</b>	<b>13,267</b>	<b>682,290,903</b>	<b>-</b>	<b>682,304,170</b>
<b>Liabilities</b>				
Unissued Units		523,021		523,021
Accounts Payable	21,516	-	-	21,516
Administration Fee	-	23,102	-	23,102
Investment Advisory Fee	-	21,325	-	21,325
Marketing Fee	-	14,817	-	14,817
Custodian Fee	-	7,109	-	7,109
Sponsorship Fee	-	5,927	-	5,927
Administration Fund Fee	-	4,586	-	4,586
<b>Total Liabilities</b>	<b>21,516</b>	<b>599,887</b>	<b>-</b>	<b>621,403</b>
<b>Net Assets Held in Trust for Participants</b>	<b>\$ (8,249)</b>	<b>\$ 681,691,016</b>	<b>\$ -</b>	<b>\$ 681,682,767</b>

See accompanying notes to financial statements.

# Financial Statements (Continued)

## Iowa Schools Joint Investment Trust Statement of Changes in Net Assets For the year Ended June 30, 2011

	Administration Fund	Diversified Portfolio	Direct Government Obligation Portfolio	Total
Investment Income:				
Interest	\$ 12	\$ 1,290,922	\$ 13,611	\$ 1,304,545
Investment Expenses:				
Investment Advisory Fees	-	205,839	929	206,768
Administrative Fees	-	222,993	1,006	223,999
Marketing Fees	-	142,952	1,084	144,036
Custodian Fees	-	68,613	310	68,923
Sponsorship Fees	-	57,181	1,239	58,420
Administration Fund Fees	-	29,648	465	30,113
Professional Services	52,441	-	-	52,441
Rating Service Fees	14,910	-	-	14,910
Other Fees and Expenses	10,417	-	-	10,417
Total Investment Expenses	77,768	727,226	5,033	810,027
Net Investment Income (Expense)	(77,756)	563,696	8,578	494,518
Other Income	30,113	-	-	30,113
Net (Decrease) Increase in Net Assets Before Unit Transactions	(47,643)	563,696	8,578	524,631
Units Sold	-	2,053,656,120	3,744,166	2,057,400,286
Units Redeemed	-	(1,944,960,526)	(21,456,683)	(1,966,417,209)
Net Increase (Decrease) in Net Assets	(47,643)	109,259,290	(17,703,939)	91,507,708
Net Assets Held in Trust for Participants at Beginning of Period	39,394	572,431,726	17,703,939	590,175,059
Net Assets Held in Trust for Participants at End of Period	\$ (8,249)	\$ 681,691,016	\$ -	\$ 681,682,767

See accompanying notes to financial statements.

# Financial Statements (Continued)

## Iowa Schools Joint Investment Trust Statement of Net Assets June 30, 2010

	Administration Fund	Diversified Portfolio	Direct Government Obligation Portfolio	Total
<b>Assets</b>				
Cash	\$ 64,626	\$ 2,268,604	\$ 8,353	\$ 2,341,583
Interest Receivable	-	1,739,801	10,946	1,750,747
Accounts Receivable	1,105	-	-	1,105
Investments (amortized cost):				
Securities Purchased Under Agreement to Resell	-	114,375,000	11,675,000	126,050,000
Certificates of Deposit	-	980,000	-	980,000
Demand Deposits	-	35,058,411	-	35,058,411
U.S. Treasury Bills	-	-	2,999,644	2,999,644
U.S. Government Agency Obligations	-	419,329,346	3,011,167	422,340,513
<b>Total Assets</b>	<b>65,731</b>	<b>573,751,162</b>	<b>17,705,110</b>	<b>591,522,003</b>
<b>Liabilities</b>				
Unissued Units		1,257,830		1,257,830
Accounts Payable	26,337	-	-	26,337
Administration Fee	-	19,374	235	19,609
Investment Advisory Fee	-	17,884	217	18,101
Marketing Fee	-	12,419	253	12,672
Custodian Fee	-	5,961	72	6,033
Sponsorship Fee	-	4,968	289	5,257
Administration Fund Fee	-	1,000	105	1,105
<b>Total Liabilities</b>	<b>26,337</b>	<b>1,319,436</b>	<b>1,171</b>	<b>1,346,944</b>
<b>Net Assets Held in Trust for Participants</b>	<b>\$ 39,394</b>	<b>\$ 572,431,726</b>	<b>\$ 17,703,939</b>	<b>\$ 590,175,059</b>

See accompanying notes to financial statements.

# Financial Statements (Continued)

## Iowa Schools Joint Investment Trust Statement of Changes in Net Assets For the Year Ended June 30, 2010

	Administration Fund	Diversified Portfolio	Direct Government Obligation Portfolio	Total
Investment Income:				
Interest	\$ 121	\$ 1,541,574	\$ 27,091	\$ 1,568,786
Investment Expenses:				
Investment Advisory Fees	-	231,329	217	231,546
Administrative Fees	-	251,042	235	251,277
Marketing Fees	-	196,682	253	196,935
Custodian Fees	-	77,268	72	77,340
Sponsorship Fees	18,000	149,159	289	167,448
Administration Fund Fees	-	25,372	105	25,477
Professional Services	46,827	-	-	46,827
Rating Service Fees	10,500	-	-	10,500
Other Fees and Expenses	10,837	-	-	10,837
Total Investment Expenses	86,164	930,852	1,171	1,018,187
Net Investment Income (Expense)	(86,043)	610,722	25,920	550,599
Other Income	25,477	-	-	25,477
Net (Decrease) Increase in Net Assets Before Unit Transactions	(60,566)	610,722	25,920	576,076
Units Sold	-	2,155,761,399	19,914,700	2,175,676,099
Units Redeemed	-	(2,073,606,062)	(17,296,118)	(2,090,902,180)
Net Increase (Decrease) in Net Assets	(60,566)	82,766,059	2,644,502	85,349,995
Net Assets Held in Trust for Participants at Beginning of Period	99,961	489,665,667	15,059,437	504,825,065
Net Assets Held in Trust for Participants at End of Period	\$ 39,394	\$ 572,431,726	\$ 17,703,939	\$ 590,175,059

See accompanying notes to financial statements.



# Financial Statements (Continued)

## Iowa Schools Joint Investment Trust Diversified Portfolio Schedule of Investments – June 30, 2011 (Showing Percentage of Total Investments)

Par Value	Description	Current Yield	Maturity Date	Amortized Cost
<b>SECURITIES PURCHASED UNDER AGREEMENT TO RESELL – 32.67%</b>				
\$ 87,258,000	Merrill Lynch , Repurchase Agreement	0.050%	07/01/11	\$ 87,258,000
100,000,000	BNP Paribas, Repurchase Agreement	0.050%	07/01/11	100,000,000
35,000,000	Goldman Sachs, Repurchase Agreement	0.100%	07/06/11	35,000,000
	<b>TOTAL</b>			<b>222,258,000</b>
<b>CERTIFICATES OF DEPOSIT – 0.14%</b>				
245,000	People's Bank, Rock Valley	0.520%	10/12/11	245,000
245,000	First Central State Bank, DeWitt	1.050%	10/19/11	245,000
245,000	Citizens Bank, Sac City	1.000%	05/08/12	245,000
245,000	State Bank & Trust, Nevada	0.900%	02/09/12	245,000
	<b>TOTAL</b>			<b>980,000</b>
<b>U.S. GOVERNMENT OBLIGATIONS – 67.19%</b>				
22,700,000	Federal Home Loan Bank, Discount Note			22,699,874
22,750,000	Federal Home Loan Bank, Floating Rate Note	0.090%	07/11/11	22,749,781
2,000,000	Overseas Private Inv Corp Series	0.000%	07/12/11	2,000,000
11,000,000	Federal Home Loan Bank, Floating Rate Note	0.091%	07/20/11	10,999,800
1,000,000	Federal Home Loan Bank	0.144%	07/26/11	999,933
15,819,000	Federal Home Loan Bank, Discount Note		07/29/11	15,816,908
12,540,000	Federal Home Loan Mortgage Corp, Floating Rate Note	0.202%	08/05/11	12,540,976
11,300,000	Federal National Mortgage Assn., Floating Rate Note	0.099%	08/11/11	11,299,616
15,000,000	Federal National Mortgage Assn.	3.625%	08/15/11	15,063,261
21,400,000	Federal Home Loan Mortgage Corp, Floating Rate Note	0.146%	09/19/11	21,399,528
17,400,000	Federal Home Loan Bank, Floating Rate Note	0.160%	10/04/11	17,400,000
20,000,000	Federal Home Loan Bank, Discount Note		10/12/11	19,991,989
15,000,000	Federal Home Loan Bank, Floating Rate Note	0.160%	11/03/11	15,000,000
990,000	Federal Home Loan Mortgage Corp, Floating Rate Note	0.220%	11/07/11	990,351
4,600,000	Federal Home Loan Bank	0.158%	11/08/11	4,598,863
15,500,000	Federal National Mortgage Assn.	5.375%	11/15/11	15,797,638
7,600,000	Federal Farm Credit Bank	0.118%	11/15/11	7,598,560
15,000,000	Federal Home Loan Bank	0.260%	11/22/11	14,997,705
625,000	Federal Home Loan Bank, Floating Rate Note	0.295%	11/28/11	625,453
18,000,000	U.S Treasury Note/Bond	0.750%	11/30/11	18,035,608
15,000,000	Federal Home Loan Bank	0.290%	12/01/11	14,999,120
3,000,000	Federal Home Loan Bank	0.350%	12/07/11	2,999,677
15,750,000	U.S Treasury Note/Bond	1.125%	12/15/11	15,808,095
11,750,000	Federal Farm Credit Bank., Floating Rate Note	0.490%	01/13/12	11,772,287
3,700,000	Federal Home Loan Mortgage Corp, Floating Rate Note	0.080%	01/13/12	3,699,388
5,600,000	Federal Home Loan Mortgage Corp, Floating Rate Note	0.150%	02/10/12	5,601,051
33,615,000	Federal Home Loan Mortgage Corp, Floating Rate Note	0.146%	02/16/12	33,620,313
2,500,000	Federal Home Loan Bank, Floating Rate Note	0.210%	03/20/12	2,501,649
7,500,000	Federal Home Loan Bank, Floating Rate Note	0.205%	03/23/12	7,501,753
15,000,000	Federal Home Loan Mortgage Corp, Floating Rate Note	0.160%	04/03/12	15,022,381
34,250,000	Federal Home Loan Mortgage Corp, Floating Rate Note	0.170%	05/11/12	34,263,817
10,000,000	Federal Farm Credit Bank., Floating Rate Note	0.210%	05/14/12	10,007,140
2,700,000	Federal Farm Credit Bank., Floating Rate Note	0.205%	05/23/12	2,701,828
15,000,000	Federal Home Loan Bank	1.250%	06/15/12	15,141,029
10,000,000	Federal Home Loan Mortgage Corp.	1.750%	06/15/12	10,142,736
10,000,000	Federal Farm Credit Bank	0.290%	06/22/12	10,002,504
10,000,000	Federal Home Loan Mortgage Corp.	5.125%	07/15/12	10,503,677
				<b>456,874,289</b>
<b>TOTAL INVESTMENTS – 100%</b>				<b>\$ 680,112,289</b>

See accompanying notes to financial statements.

# Notes to Financial Statements

## **Note 1 – Summary of Significant Accounting Policies**

### **Reporting Entity:**

Iowa Schools Joint Investment Trust (ISJIT) is a common law trust established under Iowa law pursuant to Chapter 28E and Section 279.29 of the Iowa Code, as amended, which authorizes Iowa schools to jointly invest moneys pursuant to a joint investment agreement. ISJIT is a Standard & Poor's rated money market fund pursuant to the requirements of Iowa Code Section 12B.10. ISJIT was established by the adoption of a Joint Powers Agreement and Declaration of Trust as of October 1, 1986, and commenced operations on December 16, 1986. The Joint Powers Agreement and Declaration of Trust was amended on November 1, 1988, and again on May 1, 1993. Under this authority, ISJIT operates various investment programs for its participants, including the Diversified and Direct Government Obligation Portfolios. The Diversified Plus and DGO Portfolios are authorized investment programs that suspended operations on January 8, 2009 and October 27, 2010, respectively, due to economic factors. The Trustees have retained the right to reactivate the Diversified Plus and DGO Portfolios in the future. The accompanying financial statements include only the activities of the ISJIT Administration Fund, Diversified and DGO Portfolios.

### **Regulatory Oversight:**

The operation of ISJIT is governed by a six member Board of Trustees, and non-voting persons as may be appointed by the Board. Trustees are appointed by the Board of Trustees, of which four of the Trustees shall be members of the Board of Directors of Iowa Association of School Boards (IASB), who are directors participating in the Trust, a superintendent of a school corporation participating in the Trust, and a school board secretary or business official of a school corporation participating in the Trust. IASB serves as the Sponsor of ISJIT. ISJIT is not registered with the Securities and Exchange Commission (SEC); however, ISJIT follows investment procedures similar to the investment procedures followed by SEC-registered money market mutual funds.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**

ISJIT reports the Administration Fund, Diversified and DGO Portfolios' financial position and the results of operations using investment trust funds. Investment trust funds are fiduciary funds that are used to account for the assets held in a trustee capacity. The primary purpose of the funds is to generate financial resources while maintaining a high degree of liquidity and safety of principal through investment in short-term securities as permitted for the participants under the Code of Iowa.

# Notes to Financial Statements (Continued)

## Note 1 – Summary of Significant Accounting Policies, Continued

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued:**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording assets, liabilities, net assets, revenues, expenditures, and other financing sources and uses. The financial statements are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The financial statements of ISJIT have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles.

### **Use of Estimates:**

The preparation of financial statements under GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the period. Actual results could differ from those estimates.

### **Authorized Investments:**

ISJIT's policy is to only invest in securities specifically permitted for participants under the Code of Iowa, as it now or in the future exists, including the following types of securities and instruments:

Securities issued or guaranteed as to payment of principal and interest by the U.S. Government. These include, for example, Treasury bills, bonds, and notes that are direct obligations of the U.S. Government.

Obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the U.S. Government. Such agencies and instrumentalities include, for example, Federal Intermediate Credit Banks, Federal Home Loan Banks, the Federal National Mortgage Association and the Farmers Home Administration. Such securities will include those supported by the full faith and credit of the United States Treasury or the right of the agency or instrumentality to borrow from the Treasury, as well as those supported only by the credit of the issuing agency or instrumentality.

# Notes to Financial Statements *(Continued)*

## **Note 1 – Summary of Significant Accounting Policies, Continued**

### **Authorized Investments, Continued:**

Collateralized repurchase agreements secured by U.S. Government or U.S. Government agency obligations. A repurchase agreement involves the sale of such securities to ISJIT with the concurrent agreement of the seller to repurchase them at a specified time and price to yield an agreed upon rate of interest. The securities collateralizing the agreement are held in custody by a third-party custodian, are regularly verified by ISJIT's Custodian, and are maintained daily in an amount equal to at least 102 percent of the agreement.

Certificates of Deposits in federally insured Iowa financial institutions. Each CD that ISJIT places with an Iowa institution on behalf of the participants in ISJIT is insured by the FDIC for the first \$250,000 of value. All amounts in excess of \$250,000 in an Iowa institution are protected by provisions in the Code of Iowa. The acceptance of public funds by a financial institution constitutes agreement by the financial institution to pledge collateral as required by Iowa Code Section 12C.22 and agreement by the financial institution to provide accurate information and to otherwise comply with the requirements of Iowa Code Chapter 12C.

Commercial paper or other short-term corporate debt that matures within two hundred seventy days and that is rated within the two highest classifications, as established by at least one of the standard rating services approved by the Iowa superintendent of banking provided that at the time of purchase, no more than five percent of all amounts invested in commercial paper and other short-term corporate debt shall be invested in paper and debt rated in the second highest classification. At the time of purchase no more than ten percent of the investment portfolio shall be in these investments and that at the time of purchase no more than five percent of the investment portfolio shall be invested in the securities of a single issuer.

ISJIT adheres to Iowa law and Standard and Poor's criteria for money market funds developed to minimize risk that the value of investments in the portfolio might vary. ISJIT's investment policy presently places several restrictions on ISJIT's portfolio investments, including the following:

- The remaining maturity of any individual investment may not exceed more than 397 days from the date of purchase.
- The maximum dollar weighted average maturity of all portfolios' investments may not exceed 60 days.
- Investments are monitored daily by its Investment Advisor and Administrator to assure that the value of each ISJIT investment does not materially deviate in value from its amortized cost.

As a general policy, investments are held until maturity. However, in an effort to increase yields or liquidity, ISJIT may sell securities and realize capital gains or losses when there are perceived disparities between maturities for various categories of investments.



# Notes to Financial Statements (Continued)

## Note 1 – Summary of Significant Accounting Policies, Continued

### **Deposits and Investment:**

ISJIT reports as “Cash” all cash on hand and on deposit in banks. All cash deposits are held by banks as required under Chapter 12C of the Code of Iowa. Certificates of Deposit are listed separately on the financial statements.

ISJIT reports investments at amortized cost, consistent with GASB Statement No. 31 and Rule 2a-7-like pools. Amortized cost involves valuing a portfolio security at its original date of purchase, and thereafter amortizing any premium or accreting any discount on a straight-line basis to maturity. The amount of premium or discount amortized or accreted to income under the straight-line method does not differ materially from the amount that would be amortized to income under the interest method. Procedures are followed in an effort to maintain a constant net asset value of \$1.00 per unit for each portfolio.

Investments are purchased on a delivery versus payment basis and are accounted for on the settlement date. No other settlement procedure is allowed. Interest income, including the accretion of discount and amortization of premium, is recorded daily on the accrual basis.

### **Method used to determine participants’ units sold and redeemed:**

Consistent with the methodologies employed by other Rule 2a-7-like pools, the method used to determine the ISJIT participants’ units sold and redeemed is the amortized cost method. The amortized cost distributions are accrued to participants’ accounts daily and reinvested in additional trust units monthly for compounded interest.

Total distributions for the month are credited to participants’ accounts on the last business day of the month. Distributions are automatically reinvested in ISJIT trust units unless cash payment has been requested. Cash payments, if requested, will be made monthly. If a participant redeems the entire account balance during the month, income distributions due to the account are posted on the last business day of the month, with final distribution to the participant on the next business day.

### **Frequency of determining value of shares:**

The net asset value of each portfolio trust unit is determined once each day, as of the close of the New York Stock Exchange. Except for federal holidays, such other holidays that are officially observed by commercial banks in Iowa, and days on which no investments in or redemption of trust units occur, the Administrator will compute the portfolio net asset value on each day the New York Stock Exchange is open for trading or when there is a sufficient volume of trading which might materially affect the net asset value of the securities held by the portfolios. The net asset value of each portfolio trust unit is computed by adding the value of all securities and other assets (including income receivable), subtracting liabilities (including accrued expenses) attributable to each portfolio and dividing by the number of trust units of each portfolio outstanding.

# Notes to Financial Statements *(Continued)*

## **Note 1 – Summary of Significant Accounting Policies, Continued**

### **Frequency of determining value of shares (continued):**

The Administrator computes the net asset value of portfolio trust units by using the amortized cost method for valuing securities. Under the amortized cost method a security is initially valued at cost on the date of purchase and, thereafter, any discount or premium is amortized on a straight-line basis to maturity, regardless of fluctuating interest rates or the market value of the security. However, the Investment Adviser has established procedures to stabilize the net asset value of trust units at \$1.00 per trust unit. These procedures include a review by the Investment Adviser as to the extent of the deviation of net asset value based upon available market quotations from the portfolio's \$1.00 amortized cost per value unit. If such deviation exceeds .5 percent, the Investment Advisor will consider what action, if any, should be initiated to reasonably eliminate or reduce material dilution or other results to participants.

### **Legally binding guarantees:**

The Board of Trustees has not provided or obtained any legally binding guarantees during the fiscal years ended June 30, 2011 and 2010.

### **Involuntary participation:**

There is no requirement under Iowa law for any local government to involuntarily participate in ISJIT.

### **Income Taxes:**

ISJIT is exempt from both state and federal income taxes pursuant to Section 115 of the Internal Revenue Code.

# Notes to Financial Statements (Continued)

## Note 2 – Fees and Expenses

ISJIT has entered into contracts for the following services: Administrator, Investment Advisor, Marketing, Sponsorship, and Custodian. In addition, ISJIT pays operating expenses through a separate Administration Fund. During the fiscal years ended June 30, 2011 and 2010, Bankers Trust Company (Bankers Trust) served as the Administrator and Custodian, RBC Global Asset Management (US) Inc. (RBC GAM) served as the Investment Adviser, Local Government Services, Inc. (LGS), a wholly owned subsidiary of IASB, served as the Marketing Services Provider and the IASB served as the Sponsor. Under separate agreements, Bankers Trust, RBC GAM, LGS and IASB are paid fees based upon a percentage of ISJIT's average daily net assets. All fees are computed on a daily basis and paid monthly to the service providers. The following tables displays the fees waived by the service providers for the years ended June 30, 2011 and 2010:

### 2011 Waived Fees:

Portfolio	Administrator	Investment Advisor	Marketing	Custodian	Administration Fund	Sponsor	Total
Diversified	\$148,712	\$137,273	\$267,346	\$45,757	\$141,908	\$400,303	\$1,141,299
DGO	\$3,019	\$2,787	\$3,251	\$929	\$1,393	\$3,716	\$15,095
<b>Total</b>	<b>\$151,731</b>	<b>\$140,060</b>	<b>\$270,597</b>	<b>\$46,686</b>	<b>\$143,301</b>	<b>\$404,019</b>	<b>\$1,156,394</b>

### 2010 Waived Fees:

Portfolio	Administrator	Investment Advisor	Marketing	Custodian	Administration Fund	Sponsor	Total
Diversified	\$95,998	\$89,015	\$177,054	\$29,513	\$134,800	\$277,968	\$804,348
DGO	\$10,730	\$9,905	\$11,556	\$3,301	\$4,956	\$13,207	\$53,655
<b>Total</b>	<b>\$106,728</b>	<b>\$98,920</b>	<b>\$188,610</b>	<b>\$32,814</b>	<b>\$139,756</b>	<b>\$291,175</b>	<b>\$858,003</b>

### Administration Fund

The Administration Fund pays the operating expenses incurred directly by ISJIT and its Trustees in connection with the discharge of their duties. These expenses include initial and on-going legal fees, rating fees, auditing fees, out-of-pocket expenses of the Trustees, and the cost of printing, mailing and other services performed independently by ISJIT. The maximum Administration Fund expense fee for each portfolio is .10 percent of average daily net assets. The ISJIT Administration Fund fee is calculated daily on each portfolio and transferred to the ISJIT Administration Fund the following month.

For the year ended June 30, 2011, the Diversified, and DGO Portfolios allocated \$29,648 and \$465, respectively, to the ISJIT Administration Fund for operating expenses. For the year ended June 30, 2010, the Diversified and DGO Portfolios allocated \$25,372 and \$105 to the ISJIT Administration Fund for operating expenses. The amount due to the Administration Fund at June 30, 2011 was \$4,586 from the Diversified Portfolio. The amount due to the Administration Fund at June 30, 2010 was \$1,000 and \$105 from the Diversified and DGO Portfolios, respectively. In addition, ISJIT Administration Fund paid \$0 and \$17,500 for sponsoring fiscal management conferences for the years ended June 30, 2011 and 2010, respectively, to IASB.

# Notes to Financial Statements (Continued)

## Note 2 – Fees and Expenses (continued)

### Administrator

For administrative services to the Diversified and DGO Portfolios, Bankers Trust received 0.065 percent of the average daily net asset value. For the year ended June 30, 2011, the Diversified and the DGO Portfolios incurred expenses of \$222,993 and \$1,006 for services provided by Bankers Trust. For the year ended June 30, 2010, the Diversified and DGO Portfolios incurred expenses of \$251,042 and \$235 for services provided by Bankers Trust. The amount due to Bankers Trust on June 30, 2011 was \$23,102 for the Diversified Portfolio. The amounts due to Bankers Trust on June 30, 2010 were \$19,374 and \$235 for the Diversified and DGO Portfolios.

### Investment Advisor

RBC Global Asset Management (US) Inc. (RBC GAM) received 0.060 percent of the average daily net asset value for each Portfolio for investment advisor services. For the year ended June 30, 2011, the Diversified and DGO Portfolios incurred actual expenses of \$205,839 and \$929 for services provided by RBC GAM. For the year ended June 30, 2010, the Diversified and DGO Portfolios incurred actual expenses of \$231,329 and \$217 for services provided by RBC GAM. The amount due to RBC GAM at June 30, 2011 was \$21,325 for the Diversified Portfolio. The amount due to RBC GAM at June 30, 2010 was \$17,884 and \$217 for the Diversified and DGO Portfolios.

### Custodian

Bankers Trust received 0.020 percent of the average daily net asset value for each Portfolio for custodial services. For the year ended June 30, 2011, the Diversified and DGO Portfolios incurred actual expenses of \$68,613 and \$310 for services provided by Bankers Trust. For the year ended June 30, 2010, the Diversified and DGO Portfolios incurred actual expenses of \$77,268 and \$72 for services provided by Bankers Trust. The amount due to Bankers Trust at June 30, 2011 was \$7,109 for the Diversified Portfolio. The amount due to Bankers Trust at June 30, 2010 was \$5,961 and \$72 for the Diversified and DGO Portfolios.



# Notes to Financial Statements (Continued)

## Note 2 – Fees and Expenses (continued)

### Marketing

For marketing services provided to the Portfolios, LGS received 0.070 percent of the average daily net asset value. For the year ended June 30, 2011, the Diversified and DGO Portfolios incurred expenses of \$142,952 and \$1,084 for services provided by LGS for marketing. For the year ended June 30, 2010, the Diversified and DGO Portfolios incurred expenses of \$196,682 and \$253 for services provided by LGS for marketing. The amount due to LGS at June 30, 2011 was \$14,817 for the Diversified Portfolio. The amount due to LGS at June 30, 2010 was \$12,419 and \$253 for the Diversified and DGO Portfolios.

### Sponsorship

IASB received an annual fee of 0.080 percent of the average daily net asset value of the Portfolios. For the year ended June 30, 2011, the Diversified and DGO Portfolios incurred expenses of \$57,181 and \$1,239 to IASB. For the year ended June 30, 2010, the Diversified and DGO Portfolios incurred expenses of \$149,159 and \$289 to IASB. The amount due to IASB at June 30, 2011 was \$5,927 for the Diversified Portfolio. The amount due to IASB at June 30, 2010 was \$4,968 and \$289 for the Diversified and DGO Portfolios. Occasionally, IASB pays operating costs on behalf of ISJIT and submits requests for payment. The total amount due to IASB for June 30, 2011 and 2010 was \$4,611 and \$7,200, respectively. In addition, ISJIT Administration Fund paid \$0 and \$17,500 for sponsoring fiscal management conferences for the years ended June 30, 2011 and 2010, respectively, to IASB.

# Notes to Financial Statements (Continued)

## Note 3 – Deposit and Investment Risk Disclosures

Under Governmental Accounting Standards Statement No. 40, Deposit and Investment Risk Disclosures (GASB 40), the deposits and investments of state and local governments are exposed to risks that have the potential to result in losses. This Statement addresses common deposit and investment risks related to interest rate risk, credit risk, custodial credit risk, and concentration of credit risk.

*Interest Rate Risk.* As a means of limiting its exposure to losses arising from rising interest rates, ISJIT's investment policy limits the purchase of investments to a maturity date of no more than 397 days from the purchase date. The maximum dollar weighted average maturity for each Portfolio is 60 days or less. Any commercial paper and other short-term corporate debt purchased for the Diversified Plus Portfolio is further limited to a maturity of no more than 270 days from the purchase date.

*Credit Risk.* ISJIT is only authorized to invest in instruments authorized by Iowa law which governs the investment of funds by Iowa governmental entities. The investments in the Federal agencies (Federal Home Loan Mortgage Co., Federal National Mortgage Assn., and Federal Home Loan Bank) are all rated A-1+ by Standard and Poor's. The Repurchase Agreements are all collateralized by Federal agency notes which are rated A-1+ by Standard and Poor's. The investment in Certificates of Deposits in Iowa financial institutions is insured by the FDIC for the first \$250,000 and amounts in excess of that are protected by collateralization provisions in the Iowa Code.

*Custodial Credit Risk.* Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, ISJIT will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. In connection with transactions in repurchase agreements, a third-party custodian takes possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest at all times. If the seller defaults and the value of the collateral declines, realization of the collateral by ISJIT may be delayed or limited.

At June 30, 2011, the securities purchased under overnight agreements to resell were collateralized by government and government agency securities with market values of \$226,703,909 for the Diversified Portfolio.

At June 30, 2010, the securities purchased under overnight agreements to resell were collateralized by government and government agency securities with market values of \$116,662,502 and \$11,908,632 respectively for the Diversified and DGO Portfolios.

# Notes to Financial Statements (Continued)

## Note 3 – Deposit and Investment Risk Disclosures (continued)

**Concentration of Credit Risk.** ISJIT complies with the following Standard & Poor's limits with respect to the concentration of portfolio investments: 1) 25% maximum concentration per counterparty if less than or equal to 7 days to maturity and a 10% limit beyond 7 days to maturity for repurchase agreements for all Portfolios; and 2) 10% in total and a maximum of 5% of any single issuer for commercial paper and other short-term corporate debt for the Diversified Portfolio. The following charts detail the concentration of investments held by each Portfolio:

### **Diversified as of June 30, 2011**

Investment Type	Amortized Cost	Market Value	Weighted Average Days to Maturity	S&P Rating	% of Portfolio (Amort. Cost)
Federal Home Loan Bank	\$ 189,023,535	\$ 189,095,234	108	A-1 +	27.80%
Federal Home Loan Mortgage Co.	147,764,217	147,763,333	234	A-1 +	21.70%
Merrill Lynch, Repurchase Agreement	87,258,000	87,258,000	1	A-1 +	12.80%
BNP Paribas, Repurchase Agreement	100,000,000	100,000,000	1	A-1 +	14.70%
Goldman Sachs, Repurchase Agreement	35,000,000	35,000,000	1	A-1 +	5.100%
Federal Farm Credit Bank	42,082,319	42,076,948	262	A-1 +	6.20%
Federal National Mortgage Assn.	42,160,515	42,168,811	79	A-1 +	6.20%
Iowa Bank CD's	980,000	980,000	18		0.10%
US Treasury Notes	35,843,703	35,888,542	152		5.30%
<b>TOTAL</b>	<b>\$ 680,112,289</b>	<b>\$ 680,230,868</b>			<b>100%</b>

### **Diversified as of June 30, 2010**

Investment Type	Amortized Cost	Market Value	Weighted Average Days to Maturity	S&P Rating	% of Portfolio (Amort. Cost)
Federal Home Loan Bank	\$ 163,650,390	\$ 163,665,481	51	A-1 +	28.70%
Federal Home Loan Mortgage Co.	90,046,075	90,028,900	30	A-1 +	15.80%
Deutsche Bank, Repurchase Agreement	59,375,000	59,375,000	1	A-1 +	10.40%
BNP Paribas, Repurchase Agreement	25,000,000	25,000,000	2	A-1 +	4.40%
Barclays Capital, Repurchase Agreement	30,000,000	30,000,000	4	A-1 +	5.30%
US Treasury Note	30,104,895	30,137,113	168	A-1 +	5.30%
Federal Farm Credit Bank	11,948,472	11,957,529	121	A-1 +	2.10%
Federal National Mortgage Assn.	123,579,514	123,586,223	29	A-1 +	21.70%
Iowa Bank CD's	980,000	980,000	119		0.20%
Iowa Demand Deposits	35,058,411	35,058,411	1		6.10%
<b>TOTAL</b>	<b>\$ 569,742,757</b>	<b>\$ 569,788,657</b>			<b>100%</b>

# Notes to Financial Statements (Continued)

## Note 3 – Deposit and Investment Risk Disclosures (continued)

### DGO as of June 30, 2010

Investment Type	Amortized Cost	Market Value	Weighted Average Days to Maturity	Moody's Rating	S&P Rating	% of Portfolio (Amort. Cost)
US Treasury Bills	\$ 2,999,644	\$ 2,999,610	29	P-1	A-1 +	17.00%
US Treasury Note/Bond	3,011,167	3,010,770	215	P-1	A-1 +	17.00%
Deutsche Bank, Repurchase Agreement	4,000,000	4,000,000	1	P-1	A-1 +	22.60%
Barclays Capital, Repurchase Agreement	3,675,000	3,675,000	1	P-1	A-1 +	20.80%
Banc of America, Repurchase Agreement	4,000,000	4,000,000	1	P-1	A-1 +	22.60%
TOTAL	<u>\$ 17,685,811</u>	<u>\$ 17,685,380</u>				<u>100%</u>

## Note 4 – Date of Management's Review

Subsequent events were evaluated through September 29, 2011, the date the financial statements were available to be issued.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Trustees  
Iowa School Joint Investment Trust  
Des Moines, Iowa

We have audited the financial statements of the Iowa School Joint Investment Trust (the Fund) as of and for the year ended June 30, 2011, and have issued our report thereon dated September 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we have identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency as well as a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as II-A-11 to be a significant deficiency as well as a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Fund's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Fund's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, the Fund's administrator, and the State of Iowa and is not intended to be and should not be used by anyone other than these specified parties.

*Brooks J. L. P.C.*

West Des Moines, Iowa  
September 29, 2011



# IOWA SCHOOL JOINT INVESTMENT TRUST

## SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2011

### Part I: Summary of the Independent Auditor's Results

#### Financial Statement Section:

Type of auditor's report issued:

Unqualified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

  X   Yes           No

Significant deficiency(s) identified not  
considered to be material weaknesses?

       Yes      X   No

Noncompliance material to financial  
statements noted?

       Yes      X   No

### Part II: Findings Related to the Financial Statement Audit

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**II-A-11: Administrative Fund -Segregation of Duties and/or Supervision and Review:** Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of net assets; revenues, expenses, and changes in net assets; and cash flows in conformity with U.S. generally accepted accounting principles. Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud affecting the organization involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. The Iowa Association of School Boards oversees the accounting function for the Administrative Fund. The Accounting Manager had access to the accounting software, calculated, and posted all of the transactions of the Administrative Fund, prepared the bank account reconciliations as well as other account reconciliations, and prepared the financial statements. It was also noted during the audit that the CFO of the Iowa Association of School Boards did not have access to the accounting software during the year ending June 30, 2011. During the audit, three audit adjustments were presented by Brooks Lodden, P.C. to management in order to correct the financial statements. During the year ended June 30, 2011 and subsequent to June 30, 2011, the duties performed by the accounting personnel of the Iowa Association of School Boards had not been reviewed by an independent individual.

**Recommendation:** The Board should require management of the Iowa Association of School Boards to review and document current internal controls and establish a process for an ongoing review of these controls, and make changes to adequately segregate the duties of the accounting staff. If the duties cannot be segregated, procedures should be established to ensure the duties are reviewed by an independent individual. This review should be performed monthly and documented on all financial accounting records (i.e., bank reconciliations, other general ledger account reconciliations, and financial statements) noting the review took place.

**Response:** Beginning in September 2011, the CFO will be reviewing and signing off on bank reconciliations, other general ledger account reconciliations, and financial statements. In addition, management is reviewing all financial processes for improved internal control and re-assigning duties as much as possible to improve the segregation of duties.

### Part III: Instances of Non-Compliance:

None.